

000410 09/03/2002

SCHEDULE M

(Form 5471)

(Rev. May 2001)

Department of the Treasury

Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number

65-0773649

Name of foreign corporation

GRACE CONSTRUCTION PRODUC

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► **EURO .89275**

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory).....			14,536.		
2 Sales of property rights (patents, trademarks, etc.)....					
3 Compensation received for technical, managerial, engineering, construction, or like services.....					
4 Commissions received					
5 Rents, royalties, and license fees received.....					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income).					
7 Interest received					
8 Premiums received for insurance or reinsurance.....					
9 Add lines 1 through 8	0.	0.	14,536.	0.	0.
10 Purchases of stock in trade (inventory).....		114,418.	663,811.		
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.).					
13 Compensation paid for technical, managerial, engineering, construction, or like services.....		761.	6,854.		
14 Commissions paid.....			7,561.		
15 Rents, royalties, and license fees paid.....					
16 Dividends paid					
17 Interest paid			9,287.		
18 Add lines 10 through 17	0.	115,179.	687,513.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions ...			1,136.		
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions ...			975.		

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule M (Form 5471) (Rev. 5-2001)

Statement 1
65-0773649

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CONSTRUCTION PRODUC

Tax Year Ended 12/31/2001

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Other Income

Description	Functional Currency	U.S. Dollars
OTHER INCOME	-5,999	-5,356
Total	-5,999	-5,356

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W. R. GRACE & CO. & SUBSIDIARIES
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Statement 2
65-0773649

Tax Year Ended 12/31/2001

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Other Deductions

Description	Functional Currency	U.S. Dollars
PROFESSIONAL, CORPORATION	18,503	16,519
ADVERTISING	1,149	1,026
GENERAL STATIONARY AND SU	16,910	15,096
TELEPHONE COMMUNICATIONS	41,559	37,102
OPERATING COSTS	18,448	16,469
UTILITIES	4,336	3,871
REPAIRS AND MAINTENANCE	810	723
INSURANCE	8,540	7,624
SERVICE CHARGES	16,003	14,287
AMORTIZATION CHARGES	7,482	6,680
INTER CORP. - OTHER EXP.	7,996	7,138
Total	141,736	126,535

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Statement 3
65-0773649

Tax Year Ended 12/31/2001

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Schedule F, line 4 -- Other Current Assets

Detail Description	Beginning	Ending
OTHER PREPAYMENTS AND OTH	3,513	3,368
Total	3,513	3,368

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GRACE CONSTRUCTION PRODUC

Statement 4
65-0773649

Tax Year Ended 12/31/2001

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Schedule F, line 7 -- Other Investments

Detail Description	Beginning	Ending
MISCELLANEOUS INVESTMENTS	1,625	
Total	1,625	0

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CONSTRUCTION PRODUC

Statement 5
65-0773649

Tax Year Ended 12/31/2001

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Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
DEFERRED CHARGES	-176	28,971
Total	-176	28,971

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W. R. GRACE & CO. & SUBSIDIARIES
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Statement 6
65-0773649

Tax Year Ended 12/31/2001

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Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
ACCEPTANCE PAYABLE	27,346	23,911
INCOME TAXES PAYABLE	39,517	-2,691
ACCRUED CURRENT LIABILITI	21,959	68,149
INTER CORPORATE BAL. WITH	366,107	567,748
 Total	454,929	657,117

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Form 5471

(Rev. May 2001)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate Instructions.

OMB No. 1545-0704

File In Duplicate
(see When and
Where To File in the
instructions)Information furnished for the foreign corporation's annual accounting period (tax year required by
section 898) (see instructions) beginning 01/01 , 2001 , and ending 12/31 , 2001

Name of person filing this return

W. R. GRACE & CO. & SUBSIDIARIES

Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address)

5400 BROKEN SOUND BLVD. - SUITE 300

City or town, state, and ZIP code

BOCA RATON, FL 33487

Filer's tax year beginning 01/01 , 2001 , and ending 12/31 , 2001

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

1a Name and address of foreign corporationTRANS-MERIDIAN INSURANCE.
5th FLOOR, 25-28 ADELAIDE ROAD
DUBLIN 2 IRELAND**b** Employer identification number, if any**C** Country under whose laws incorporated
IRELAND

d Date of incorporation	e Principal place of busn.	f Principal business activity code number	g Principal business activity	h Functional currency
12/19/94	IRELAND	524290	OTHER INSURANCE RELATED ACTIVITIES	U.S. Dollar

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States	b If a U.S. income tax return was filed, please show:	
	(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)
c Name and address of foreign corporation's statutory or resident agent in country of incorporation	d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different	
		SHARON GRIFFIN

Schedule A Stock of the Foreign Corporation**Part I — ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	1,100,000	1,100,000

Part II — Additional Information for Preferred Stock

(To be completed only by Category 1 filers for foreign personal holding companies)

(a) Description of each class of Preferred stock (Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

For Paperwork Reduction Act Notice, see the separate Instructions.

Form 5471 (Rev. 5-2001)

Form 5471 (Rev. 5-2001)

Schedule B U.S. Shareholders of Foreign Corporation (See the instructions.)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder (Note: This description should match the corresponding description entered in Schedule A, Part I, column (a).)	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
*W.R.GRACE & CO. CONN 7500 GRACE DRIVE COLUMBIA, MD 21044 13-5114230	COMMON	1,100,000	1,100,000	
*A WHOLLY OWNED SUBSIDIARY OF W. R. GRACE & CO. 65-0654331				

Schedule C Income Statement (See the instructions.)

Important: Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
INCOME	1a Gross receipts or sales		
	b Returns and allowances		
	c Subtract line 1b from line 1a		
	2 Cost of goods sold		
	3 Gross profit (subtract line 2 from line 1c)		
	4 Dividends		
	5 Interest		
	6 Gross rents, royalties, and license fees		
	7 Net gain or (loss) on sale of capital assets		
DEDUCTIONS	8 Other income (attach schedule)	SEE. STATEMENT. 1.	
	9 Total income (add lines 3 through 8)		
	10 Compensation not deducted elsewhere		
	11 Rents, royalties, and license fees		
	12 Interest		
	13 Depreciation not deducted elsewhere		
	14 Depletion		
	15 Taxes (exclude provision for income, war profits, and excess profits taxes)		
	16 Other deductions (attach schedule -- exclude provision for income, war profits, and excess profits taxes)		
NET INCOME	17 Total deductions (add lines 10 through 16)		
	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)		
	19 Extraordinary items and prior period adjustments (see instructions)		
	20 Provision for income, war profits, and excess profits taxes (see instructions)		
	21 Current year net income or (loss) per books (line 18 plus line 19 minus line 20)		
		18	-107,773.
		19	
		20	
		21	-107,773.

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TRANS-MERIDIAN INSURANCE.

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Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See instructions.)

(a) Name of country or U.S. possession	Amount of tax		
	(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1 U.S.			
2 IRELAND			0.
3			
4			
5			
6			
7			
8 Total			0.

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See the instructions for an exception for DASTM corporations.

Assets	(a) Beginning of annual accounting period	(b) End of annual accounting period
1 Cash	1 4,807,930.	3,970,988.
2a Trade notes and accounts receivable.....	2a 2,092,283.	2,278,796.
b Less allowance for bad debts.....	2b () () 0.	
3 Inventories	3	
4 Other current assets (attach schedule).....	4 0.	0.
5 Loans to stockholders and other related persons.....	5	
6 Investment in subsidiaries (attach schedule)	6	
7 Other investments (attach schedule)	7 0.	0.
8a Buildings and other depreciable assets	8a	
b Less accumulated depreciation	8b () ()	
9a Depletable assets	9a	
b Less accumulated depletion.....	9b () ()	
10 Land (net of any amortization)	10	
11 Intangible assets:		
a Goodwill	11a	
b Organization costs	11b	
c Patents, trademarks, and other intangible assets	11c	
d Less accumulated amortization for lines 11a, b, and c.....	11d () ()	
12 Other assets (attach schedule).....	12 SEE STATEMENT .2...	8,955. 4,383.
13 Total assets	13	6,909,168. 6,254,167.
Liabilities and Stockholders' Equity		
14 Accounts payable.....	14	
15 Other current liabilities (attach schedule).....	15 SEE STATEMENT .3...	5,692,132. 4,856,219.
16 Loans from stockholders and other related persons.....	16	
17 Other liabilities (attach schedule)	17 0.	0.
18 Capital stock:		
a Preferred stock.....	18a	
b Common stock.....	18b 1,100,000.	1,100,000.
19 Paid-in or capital surplus (attach reconciliation).....	19	0.
20 Retained earnings	20 117,036.	297,948.
21 Less cost of treasury stock.....	21 () ()	
22 Total liabilities and stockholders' equity	22	6,909,168. 6,254,167.

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TRANS-MERIDIAN INSURANCE.

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Schedule G Other Information

Yes No

- 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in a foreign partnership?
- If "Yes," see the instructions for required attachment.
- 2 During the tax year, did the foreign corporation own an interest in any trust?
- 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3?
- If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each entity.

Schedule H Current Earnings and Profits (See the instructions.)

Important: Enter the amounts on lines 1 through 5c in functional currency.

1 Current year net income or (loss) per foreign books of account.....	1	-107,773.
2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):		
a Capital gains or losses		
b Depreciation and amortization		
c Depletion		
d Investment or incentive allowance		
e Charges to statutory reserves		
f Inventory adjustments		
g Taxes		
h Other (attach schedule)		
3 Total net additions	0.	0.
4 Total net subtractions.....	0.	0.
5a Current earnings and profits (line 1 plus line 3 minus line 4)	5a	-107,773.
b DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)	5b	
c Combine lines 5a and 5b.....	5c	-107,773.
d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations) (see instructions).	5d	-107,773.

Enter exchange rate used for line 5d ►

1.0000000

Schedule I Summary of Shareholder's Income From Foreign Corporation (See the instructions.)

1 Subpart F income (line 40b, Worksheet A in the instructions)	1	
2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions)	2	
3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3	
4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5 Factoring income	5	
6 Total of lines 1 through 5. Enter here and on your income tax return. See instructions	6	0.
7 Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8 Exchange gain or (loss) on a distribution of previously taxed income.....	8	

Yes No

- Was any income of the foreign corporation blocked?
- Did any such income become unblocked during the tax year (see section 964(b))?

If the answer to either question is "Yes," attach an explanation.

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**SCHEDULE J
(Form 5471)**(Rev. May 2001)
Department of the Treasury
Internal Revenue Service**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

► Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number
65-0773649

Name of foreign corporation

TRANS-MERIDIAN INSURANCE.

Important. Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year						1,006,523.
2a Current year E&P						
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b)	0.					
4 Amounts included under sec. 951(a) or reclassified under section 959(c) in current year					-107,773.	
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)			0.	0.	898,750.	
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	0.	0.				
7 Balance at end of year. (Enter amount from line 6a / line 6b, whichever is applic.)	0.	0.	0.	0.	898,750.	898,750.

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 5-2001)

CAA 1 5471J1 NTF 35690

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SCHEDULE M**(Form 5471)**

(Rev. May 2001)

Department of the Treasury

Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number

65-0773649

Name of foreign corporation

TRANS-MERIDIAN INSURANCE.

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► **U.S. Dollar 1.0000000**

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory)					
2 Sales of property rights (patents, trademarks, etc.)					
3 Compensation received for technical, managerial, engineering, construction, or like services					
4 Commissions received					
5 Rents, royalties, and license fees received					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income)					
7 Interest received					
8 Premiums received for insurance or reinsurance				65,765.	
9 Add lines 1 through 8	0.	0.	65,765.	0.	0.
10 Purchases of stock in trade (inventory)					
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.)					
13 Compensation paid for technical, managerial, engineering, construction, or like services					
14 Commissions paid					
15 Rents, royalties, and license fees paid					
16 Dividends paid					
17 Interest paid					
18 Add lines 10 through 17	0.	0.	0.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions					
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions					

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule M (Form 5471) (Rev. 5-2001)

Statement 1
65-0773649

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W. R. GRACE & CO. & SUBSIDIARIES
TRANS-MERIDIAN INSURANCE.

Tax Year Ended 12/31/2001

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Other Income

Description	Functional Currency	U.S. Dollars
Other Income	-107,773	-107,773
Total	-107,773	-107,773

Statement 2
65-0773649

000309 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
TRANS-MERIDIAN INSURANCE.

Tax Year Ended 12/31/2001

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Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
ACCRUED INTEREST	8,955	
Other Assets at End of Period		4,383
Total	8,955	4,383

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W. R. GRACE & CO. & SUBSIDIARIES
TRANS-MERIDIAN INSURANCE.

Statement 3
65-0773649

Tax Year Ended 12/31/2001

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Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
ACCEPCTANCE PAYABLE		13,470
OTHER CURRENT LIABILITIES		4,842,749
Total	0	4,856,219

000423 09/03/2002

Form 5471

(Rev. May 2001)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate instructions.

OMB No. 1545-0704

File In Duplicate

(see When and
Where To File in the
Instructions)

Name of person filing this return

W. R. GRACE & CO. & SUBSIDIARIES

Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address)

5400 BROKEN SOUND BLVD. - SUITE 300

City or town, state, and ZIP code

BOCA RATON, FL 33487

Filer's tax year beginning 01/01 , 2001 , and ending 12/31 , 2001

A Identifying number

65-0773649

B Category of filer (See instructions. Check applicable box(es)):1 2 3 4 5 **C Enter the total percentage of the foreign corporation's voting stock**

you owned at the end of its annual accounting period

100%

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.**1a Name and address of foreign corporation**

W. R. GRACE ITALIANA SPA

VIA TRENTO 7

20017 PASSIRANA DI RHO, MILAN, ITALY

b Employer identification number, if any**c Country under whose laws incorporated**

ITALY

d Date of incorporation**e Principal place of busn.****f Principal business activity code number****g Principal business activity**

11/04/97

ITALY

325900

OTHER CHEMICAL PRODUCTS MFG

h Functional currency:
EURO**2 Provide the following information for the foreign corporation's accounting period stated above.****a Name, address, and identifying number of branch office or agent (if any) in the United States****b If a U.S. income tax return was filed, please show:**

(i) Taxable income or (loss)

(ii) U.S. income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation**d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different**BAKER & MCKENZIE
PIAZZA MEDA 3
20121 MILAN, ITALY**Schedule A Stock of the Foreign Corporation****Part I — ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	280,000	280,000

Part II — Additional Information for Preferred Stock

(To be completed only by Category 1 filers for foreign personal holding companies)

(a) Description of each class of Preferred stock <i>(Note: This description should match the corresponding description entered in Part I, column (a).)</i>	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

For Paperwork Reduction Act Notice, see the separate Instructions.

Form 5471 (Rev. 5-2001)

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W. R. GRACE ITALIANA SPA

65-0773649

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Form 5471 (Rev. 5-2001)

Schedule B U.S. Shareholders of Foreign Corporation (See the instructions.)

Schedule C Income Statement (See the instructions.)

Important: Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
INCOME	1a Gross receipts or sales	19,395,990.	17,315,770.
	b Returns and allowances	306,468.	273,599.
	c Subtract line 1b from line 1a	19,089,522.	17,042,171.
	2 Cost of goods sold	12,071,847.	10,777,141.
	3 Gross profit (subtract line 2 from line 1c)	7,017,675.	6,265,030.
	4 Dividends	4	
	5 Interest	5 148,311.	132,405.
	6 Gross rents, royalties, and license fees	6 654,239.	584,072.
	7 Net gain or (loss) on sale of capital assets	7	
8 Other income (attach schedule)	8 2,712,802.	2,421,854.	
9 Total income (add lines 3 through 8).	9 10,533,027.	9,403,361.	
DEDUCTIONS	10 Compensation not deducted elsewhere	10 4,009,174.	3,579,190.
	11 Rents, royalties, and license fees	11 398,212.	355,504.
	12 Interest	12	
	13 Depreciation not deducted elsewhere	13 324,174.	289,406.
	14 Depletion	14	
	15 Taxes (exclude provision for income, war profits, and excess profits taxes)	15 2,659.	2,374.
	16 Other deductions (attach schedule -- exclude provision for income, war profits, and excess profits taxes)	16 2,899,733.	2,588,736.
	17 Total deductions (add lines 10 through 16).	17 7,633,952.	6,815,210.
NET INCOME	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	18 2,899,075.	2,588,151.
	19 Extraordinary items and prior period adjustments (see instructions)	19	
	20 Provision for income, war profits, and excess profits taxes (see instructions)	20 711,728.	635,396.
	21 Current year net income or (loss) per books (line 18 plus line 19 minus line 20)	21 2,187,347.	1,952,755.

000423 09/03/2002 W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

65-0773649

Page 3

Form 5471 (Rev. 5-2001)

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See instructions.)

(a) Name of country or U.S. possession	Amount of tax		
	(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1 U.S.			
2 ITALY	1,422,210.	0.8993545	1,279,071.
3			
4			
5			
6			
7			
8 Total.....			1,279,071.

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See the instructions for an exception for DASTM corporations.

Assets	(a) Beginning of annual accounting period	(b) End of annual accounting period
1 Cash	4,748,371.	5,574,124.
2a Trade notes and accounts receivable.....	6,705,758.	6,976,153.
b Less allowance for bad debts.....	(37,397.)	(36,059.)
3 Inventories	917,312.	1,118,058.
4 Other current assets (attach schedule)..... SEE STATEMENT. 3	30,954.	49,313.
5 Loans to stockholders and other related persons.....		
6 Investment in subsidiaries (attach schedule)		
7 Other investments (attach schedule)	0.	0.
8a Buildings and other depreciable assets	4,701,709.	4,499,837.
b Less accumulated depreciation	(2,604,697.)	(2,641,941.)
9a Depletable assets.....		
b Less accumulated depletion.....		
10 Land (net of any amortization)	275,821.	261,915.
11 Intangible assets:		
a Goodwill.....		
b Organization costs.....		
c Patents, trademarks, and other intangible assets.....		
d Less accumulated amortization for lines 11a, b, and c.....		
12 Other assets (attach schedule)..... SEE STATEMENT. 4	101,953.	152,771.
13 Total assets	14,839,784.	15,954,171.
Liabilities and Stockholders' Equity		
14 Accounts payable.....	3,431,820.	3,097,807.
15 Other current liabilities (attach schedule)..... SEE STATEMENT. 5	2,397,986.	2,446,306.
16 Loans from stockholders and other related persons.....		
17 Other liabilities (attach schedule)..... SEE STATEMENT. 6	-4,152.	-80,034.
18 Capital stock:		
a Preferred stock.....		
b Common stock.....		
19 Paid-in or capital surplus (attach reconciliation).....		0.
20 Retained earnings	7,334,130.	8,893,736.
21 Less cost of treasury stock.....	()	()
22 Total liabilities and stockholders' equity	14,839,784.	15,954,171.

Form 5471 (Rev. 5-2001)

Schedule G Other Information

Yes No

- 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in a foreign partnership?
- If "Yes," see the instructions for required attachment.
- 2 During the tax year, did the foreign corporation own an interest in any trust?
- 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3?
- If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each entity.

Schedule H Current Earnings and Profits (See the instructions.)

Important: Enter the amounts on lines 1 through 5c in functional currency.

1 Current year net income or (loss) per foreign books of account.....	1	2,187,347.
2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):		
a Capital gains or losses.....		
b Depreciation and amortization		
c Depletion		
d Investment or incentive allowance		
e Charges to statutory reserves.....		
f Inventory adjustments		
g Taxes.....		
h Other (attach schedule).....		
3 Total net additions	0.	
4 Total net subtractions.....		710,482.
5a Current earnings and profits (line 1 plus line 3 minus line 4)		
b DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)		
c Combine lines 5a and 5b.....		
d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations) (see instructions).....		710,482.

Enter exchange rate used for line 5d ►

0.8927500

Schedule I Summary of Shareholder's Income From Foreign Corporation (See the instructions.)

1 Subpart F income (line 40b, Worksheet A in the instructions)	1	
2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions).....	2	
3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions).....	3	
4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5 Factoring income	5	
6 Total of lines 1 through 5. Enter here and on your income tax return. See instructions	6	0.
7 Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8 Exchange gain or (loss) on a distribution of previously taxed income.....	8	

Yes No

- Was any income of the foreign corporation blocked?
- Did any such income become unblocked during the tax year (see section 964(b))?

If the answer to either question is "Yes," attach an explanation.

SCHEDULE J
(Form 5471)

(Rev. May 2001)
 Department of the Treasury
 Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
 of Controlled Foreign Corporation**

OMB No. 1545-0704

► Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number
 65-0773649

Name of foreign corporation

W. R. GRACE ITALIANA SPA

Important. Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	6,320,036.	565,910.				6,885,946.
2a Current year E&P	1,476,865.					
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b)	7,796,901.	565,910.				
4 Amounts included under sec. 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)			0.	0.	0.	
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	7,796,901.	565,910.				
7 Balance at end of year. (Enter amount from line 6a / line 6b, whichever is applic.)	7,796,901.	565,910.	0.	0.	0.	8,362,811.

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 5-2001)

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SCHEDULE M
(Form 5471)
(Rev. May 2001)
Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471
W. R. GRACE & CO. & SUBSIDIARIES

Identifying number
65-0773649

Name of foreign corporation

W. R. GRACE ITALIANA SPA

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► **EURO 0.89275**

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory).....		1,486.	999,643.		
2 Sales of property rights (patents, trademarks, etc.).....					
3 Compensation received for technical, managerial, engineering, construction, or like services.....		626,016.	129,102.		
4 Commissions received			2,417,746.		
5 Rents, royalties, and license fees received.....					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income).....					
7 Interest received					
8 Premiums received for insurance or reinsurance.....					
9 Add lines 1 through 8	0.	627,502.	3,546,491.	0.	0.
10 Purchases of stock in trade (inventory).....		1,331,047.	1,367,372.		
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.).....					
13 Compensation paid for technical, managerial, engineering, construction, or like services.....			166,819.		
14 Commissions paid.....					
15 Rents, royalties, and license fees paid.....		47,997.			
16 Dividends paid					
17 Interest paid					
18 Add lines 10 through 17	0.	1,379,044.	1,534,191.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions ...					
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions ...					

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule M (Form 5471) (Rev. 5-2001)

• 000423 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 1
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 2 Schedules

Other Income

Description	Functional Currency	U.S. Dollars
OTHER INCOME	1,608	1,436
INTER CORP. OTHER INCOME	2,711,194	2,420,418
Total	2,712,802	2,421,854

000423 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 2
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 2 Schedules

Other Deductions

Description	Functional Currency	U.S. Dollars
PROFESSIONAL, CORPORATION	461,777	412,251
CHARITABLE DEDUCTIONS	1,033	922
ADVERTISING	203,674	181,830
GENERAL STATIONARY AND SU	72,782	64,976
TELEPHONE COMMUNICATIONS	592,345	528,816
OPERATING COSTS	81,004	72,316
UTILITIES	65,442	58,423
REPAIRS AND MAINTENANCE	111,415	99,466
INSURANCE	32,230	28,773
SERVICE CHARGES	1,013,804	905,074
EXPENSE TRANSFERS	238,791	213,181
OTHER DEDUCTIONS	25,436	22,708
Total	2,899,733	2,588,736

♥ 000423 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 3
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 4 -- Other Current Assets

Detail Description	Beginning	Ending
-----	-----	-----
OTHER PREPAYMENTS AND OTH	30,954	49,313
-----	-----	-----
Total	30,954	49,313
=====	=====	=====

000423 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 4
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
DEFERRED CHARGES	101,953	152,771
Total	101,953	152,771

000423 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 5
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
ACCEPTANCE PAYABLE	53,375	126,273
INCOME TAXES PAYABLE	480,880	266,452
ACCRUED CURRENT LIABILITIES	1,140,298	1,213,283
OTHER CURRENT LIABILITIES	174,549	146,960
INDEMNITIES, PENSIONS AND	793,511	1,204,698
INTER CORPORATE BAL. WITH	-244,627	-511,360
Total	2,397,986	2,446,306

000423 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 6
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 17 -- Other Liabilities

Detail Description	Beginning	Ending
NON CURRENT DEFERRED TAX	-4,152	-80,034
Total	-4,152	-80,034

Form 5471

(Rev. May 2001)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate instructions.

OMB No. 1545-0704

File In Duplicate

(see When and
Where To File in the
instructions)Information furnished for the foreign corporation's annual accounting period (tax year required by
section 898) (see instructions) beginning 01/01 , 2001 , and ending 12/31 , 2001

Name of person filing this return

W. R. GRACE & CO. & SUBSIDIARIES

Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address)

5400 BROKEN SOUND BLVD. - SUITE 300

City or town, state, and ZIP code

BOCA RATON, FL 33487

Filer's tax year beginning 01/01 , 2001 , and ending 12/31 , 2001

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)
			Shareholder Officer Director

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

1a Name and address of foreign corporation

GRACE CHEMICALS K.K.

M-PRESS BLD. 5F

2-9-6 HAMAMATSU-CHO MINATO-KU TOKYO, JAPAN 105-0013

b Employer identification number, if any

C Country under whose laws incorporated
JAPAN

d Date of incorporation	e Principal place of busn.	f Principal business activity code number	g Principal business activity	h Functional currency
7/26/82	JAPAN	325900	OTHER CHEMICAL PRODUCT MFG	Japanese Yen

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent
(if any) in the United States

b If a U.S. income tax return was filed, please show:

(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation

SEIJI NAKAMURA, M-PRESS BLD. 5F
2-9-6, HAMAMATSU-CHO, MINATO-KU
TOKYO, JAPAN 105-0013

d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different

M. NAKAJIMA, M-PRESS BLD. 5F
2-9-6, HAMAMATSU-CHO, MINATO-KU
TOKYO, JAPAN 105-0013**Schedule A Stock of the Foreign Corporation****Part I — ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
ORDINARY	400,000	400,000

Part II — Additional Information for Preferred Stock

(To be completed only by Category 1 filers for foreign personal holding companies)

(a) Description of each class of Preferred stock (Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

For Paperwork Reduction Act Notice, see the separate instructions.

Form 5471 (Rev. 5-2001)

Form 5471 (Rev. 5-2001)

Schedule B U.S. Shareholders of Foreign Corporation (See the instructions.)

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Schedule C Income Statement (See the instructions.)

Important: Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
INCOME	1a Gross receipts or sales	1,765,061,389.	14,508,805.
	b Returns and allowances	50,024,421.	411,201.
	c Subtract line 1b from line 1a	1,715,036,968.	14,097,604.
	2 Cost of goods sold	925,499,640.	7,607,607.
	3 Gross profit (subtract line 2 from line 1c)	789,537,328.	6,489,997.
	4 Dividends		
	5 Interest	-2,856,699.	-23,482.
	6 Gross rents, royalties, and license fees		
	7 Net gain or (loss) on sale of capital assets		
DEDUCTIONS	8 Other income (attach schedule)	SEE STATEMENT 1.	
	9 Total income (add lines 3 through 8)	793,667,482.	6,523,947.
	10 Compensation not deducted elsewhere	271,280,955.	2,229,929.
	11 Rents, royalties, and license fees	71,607,867.	588,616.
	12 Interest	2,974,999.	24,454.
	13 Depreciation not deducted elsewhere	63,752,278.	524,044.
	14 Depletion		
	15 Taxes (exclude provision for income, war profits, and excess profits taxes)	3,651,250.	30,013.
	16 Other deductions (attach schedule -- exclude provision for income, war profits, and excess profits taxes)	240,394,426.	1,976,044.
NET INCOME	17 Total deductions (add lines 10 through 16)	653,661,775.	5,373,100.
	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	140,005,707.	1,150,847.
	19 Extraordinary items and prior period adjustments (see instructions)		
	20 Provision for income, war profits, and excess profits taxes (see instructions)	60,214,721.	494,965.
	21 Current year net income or (loss) per books (line 18 plus line 19 minus line 20)	79,790,986.	655,882.

Form 5471 (Rev. 5-2001)

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See instructions.)

(a) Name of country or U.S. possession	Amount of tax		
	(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1 U.S.			
2 JAPAN	59,667,700.	0077603	463,039.
3			
4			
5			
6			
7			
8 Total.....			463,039.

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See the instructions for an exception for DASTM corporations.

Assets	(a) Beginning of annual accounting period	(b) End of annual accounting period
1 Cash	326,470.	516,936.
2a Trade notes and accounts receivable.....	6,523,376.	5,567,257.
b Less allowance for bad debts.....	(-734,507.)	(-1,091,200.)
3 Inventories.....	944,172.	794,663.
4 Other current assets (attach schedule)..... SEE STATEMENT. 3.....	141,538.	163,614.
5 Loans to stockholders and other related persons.....		
6 Investment in subsidiaries (attach schedule).....		
7 Other investments (attach schedule)..... SEE STATEMENT. 4.....	123,065.	118,954.
8a Buildings and other depreciable assets.....	4,759,107.	4,633,749.
b Less accumulated depreciation	(1,164,234.)	(1,476,040.)
9a Depletable assets.....		
b Less accumulated depletion.....		
10 Land (net of any amortization).....		
11 Intangible assets:		
a Goodwill.....	998,640.	866,400.
b Organization costs.....		
c Patents, trademarks, and other intangible assets.....		
d Less accumulated amortization for lines 11a, b, and c.....	(10,403.)	(30,685.)
12 Other assets (attach schedule)..... SEE STATEMENT. 5.....	715,161.	956,571.
13 Total assets.....	14,091,399.	13,202,619.
Liabilities and Stockholders' Equity		
14 Accounts payable.....	6,263,778.	4,324,797.
15 Other current liabilities (attach schedule)..... SEE STATEMENT. 6.....	1,419,903.	1,952,317.
16 Loans from stockholders and other related persons.....	2,277,600.	2,660,000.
17 Other liabilities (attach schedule)..... SEE STATEMENT. 7.....	698,445.	755,716.
18 Capital stock:		
a Preferred stock.....		
b Common stock.....		
19 Paid-in or capital surplus (attach reconciliation).....	0.	0.
20 Retained earnings	2,012,553.	2,278,589.
21 Less cost of treasury stock.....		
22 Total liabilities and stockholders' equity.....	14,091,399.	13,202,619.

Form 5471 (Rev. 5-2001)

Schedule G Other Information

Yes No

- 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in a foreign partnership?
- If "Yes," see the instructions for required attachment.
- 2 During the tax year, did the foreign corporation own an interest in any trust?
- 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3?
- If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each entity.

Schedule H Current Earnings and Profits (See the instructions.)

Important: Enter the amounts on lines 1 through 5c in functional currency.

1 Current year net income or (loss) per foreign books of account.	1	79,790,986.
2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):		
a Capital gains or losses		
b Depreciation and amortization		
c Depletion		
d Investment or incentive allowance		
e Charges to statutory reserves		
f Inventory adjustments		
g Taxes	547,021.	
h Other (attach schedule)	0.	0.
3 Total net additions	547,021.	
4 Total net subtractions		0.
5a Current earnings and profits (line 1 plus line 3 minus line 4)	5a	80,338,007.
b DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)	5b	
c Combine lines 5a and 5b	5c	80,338,007.
d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations) (see instructions).	5d	660,378.

Enter exchange rate used for line 5d ►

0.0082200

Schedule I Summary of Shareholder's Income From Foreign Corporation (See the instructions.)

1 Subpart F income (line 40b, Worksheet A in the instructions)	1	
2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions)	2	
3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3	
4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5 Factoring income	5	
6 Total of lines 1 through 5. Enter here and on your income tax return. See instructions	6	0.
7 Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8 Exchange gain or (loss) on a distribution of previously taxed income.	8	

Yes No

- Was any income of the foreign corporation blocked?
- Did any such income become unblocked during the tax year (see section 964(b))?

If the answer to either question is "Yes," attach an explanation.

SCHEDULE J
(Form 5471)(Rev. May 2001)
Department of the Treasury
Internal Revenue Service**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

► Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number
65-0773649

Name of foreign corporation

GRACE CHEMICALS K.K.

Important. Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	271,765,346.					271,765,346.
2a Current year E&P	80,338,007.					
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b)	352,103,353.					
4 Amounts included under sec. 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P	12,000,000.					
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)			0.	0.	0.	
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	340,103,353.	0.				
7 Balance at end of year. (Enter amount from line 6a / line 6b, whichever is applic.)	340,103,353.	0.	0.	0.	0.	340,103,353.

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 6-2001)

SCHEDULE M

(Form 5471)

(Rev. May 2001)

Department of the Treasury
Internal Revenue Service**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number
65-0773649

Name of foreign corporation

GRACE CHEMICALS K.K.

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► Japanese Yen 0.0082200

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory).....			232,394.		
2 Sales of property rights (patents, trademarks, etc.).....					
3 Compensation received for technical, managerial, engineering, construction, or like services.....					
4 Commissions received					
5 Rents, royalties, and license fees received.....					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income).....					
7 Interest received					
8 Premiums received for insurance or reinsurance.....					
9 Add lines 1 through 8	0.	0.	232,394.	0.	0.
10 Purchases of stock in trade (inventory).....		338,506.	10,939.		
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.).....					
13 Compensation paid for technical, managerial, engineering, construction, or like services.....					
14 Commissions paid.....					
15 Rents, royalties, and license fees paid.....		36,784.			
16 Dividends paid			80,892.		
17 Interest paid			23,774.		
18 Add lines 10 through 17	0.	375,290.	115,605.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions ...			2,912,783.		
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions ...					

For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule M (Form 5471) (Rev. 5-2001)

Statement 1
65-0773649

000806 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Tax Year Ended 12/31/2001

Form 5471 Page 2 Schedules

Other Income

Description	Functional Currency	U.S. Dollars
OTHER INCOME	6,986,853	57,432
Total	6,986,853	57,432

000806 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 2
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 2 Schedules

Other Deductions

Description	Functional Currency	U.S. Dollars
PROFESSIONAL, CORPORATION	9,325,753	76,658
ADVERTISING	8,664,295	71,221
GENERAL STATIONARY AND SU	7,681,212	63,140
TELEPHONE COMMUNICATIONS	71,143,534	584,800
OPERATING COSTS	52,045,356	427,813
UTILITIES	4,467,657	36,724
REPAIRS AND MAINTENANCE	6,231,087	51,220
INSURANCE	3,266,430	26,850
SERVICE CHARGES	33,516,231	275,503
EXPENSE TRANSFERS	41,202,871	338,688
AMORTIZATION CHARGES	2,850,000	23,427
Total	240,394,426	1,976,044

♥ 000806 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 3
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 4 --- Other Current Assets

Detail Description	Beginning	Ending
OTHER PREPAYMENTS AND OTH	21,955	31,990
CURRENT DEFERRED TAXES	119,583	131,624
Total	141,538	163,614

000806 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 4
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 7--- Other Investments

Detail Description	Beginning	Ending
MISCELLANEOUS INVESTMENTS	123,065	118,954
Total	123,065	118,954

000806 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 5
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
DEFERRED CHARGES	692,122	956,571
NON CURRENT DEFERRED TAXE	23,039	
Total	715,161	956,571

000806 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 6
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
ACCEPTANCE PAYABLE	821,182	1,303,278
INCOME TAXES PAYABLE	-84,388	272,814
ACCRUED CURRENT LIABILITIES	173,207	109,236
INDEMNITIES, PENSIONS AND INTER CORPORATE BAL. WITH	67,487	53,084
	442,415	213,905
Total	1,419,903	1,952,317

000806 09/03/2002
W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 7
65-0773649

Tax Year Ended 12/31/2001

Form 5471 Page 3 Schedules

Schedule F, line 17 -- Other Liabilities

Detail Description	Beginning	Ending
NON CURRENT DEFERRED TAX	82,162	126,714
MINORITY INTEREST IN SUBS	616,283	629,002
Total	698,445	755,716

Form 5471

(Rev. May 2001)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate Instructions.

OMB No. 1545-0704

File In Duplicate

(see When and
Where To File in the
instructions)Information furnished for the foreign corporation's annual accounting period (tax year required by
section 898) (see instructions) beginning 01/01, 2001, and ending 12/31, 2001

Name of person filing this return

W. R. GRACE & CO. & SUBSIDIARIES

A Identifying number

65-0773649

Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address)
5400 BROKEN SOUND BLVD. - SUITE 300

B Category of filer (See instructions. Check applicable box(es)):

1 2 3 4 5

City or town, state, and ZIP code

BOCA RATON, FL 33487

C Enter the total percentage of the foreign corporation's voting stock

you owned at the end of its annual accounting period 100%

Filer's tax year beginning 01/01, 2001, and ending 12/31, 2001

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

1a Name and address of foreign corporation

GRACE JAPAN KK
100 KANEDA, ATSUGI-SHI
KANAGAWA-KEN, 243-0807 JAPAN

b Employer identification number, if any

C Country under whose laws incorporated
JAPAN

d Date of incorporation	e Principal place of busn.	f Principal business activity code number	g Principal business activity	h Functional currency
11/26/60	JAPAN	325900	OTHER CHEMICAL PRODUCT MFG	Japanese Yen

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States NONE	b If a U.S. income tax return was filed, please show: (i) Taxable income or (loss) (ii) U.S. income tax paid (after all credits)
c Name and address of foreign corporation's statutory or resident agent in country of incorporation T HASATANI 100 KANEDA, ATSUGI-SHI KANAGAWA 243-0807, JAPAN	d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different T. SHIOYA 100 KANEDA, ATSUGI-SHI KANAGAWA 243-0807, JAPAN

Schedule A Stock of the Foreign Corporation**Part I — ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	340,000	340,000

Part II — Additional Information for Preferred Stock

(To be completed only by Category 1 filers for foreign personal holding companies)

(a) Description of each class of Preferred stock (Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

For Paperwork Reduction Act Notice, see the separate instructions.

Form 5471 (Rev. 5-2001)

Form 5471 (Rev. 5-2001)

Schedule B U.S. Shareholders of Foreign Corporation (See the instructions.)

100

Schedule C Income Statement (See the instructions.)

Important: Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
I N C O M E	1a Gross receipts or sales	3,226,303,148.	26,520,212.
	b Returns and allowances	48,270,004.	396,779.
	c Subtract line 1b from line 1a	3,178,033,144.	26,123,433.
	2 Cost of goods sold	1,800,986,422.	14,804,108.
	3 Gross profit (subtract line 2 from line 1c)	1,377,046,722.	11,319,325.
	4 Dividends	9,720,000.	79,898.
	5 Interest	5,307,657.	43,629.
	6 Gross rents, royalties, and license fees		
	7 Net gain or (loss) on sale of capital assets		
D E D U C T I O N S	8 Other income (attach schedule)	SEE STATEMENT 1.	
	9 Total income (add lines 3 through 8)	1,609,426,260.	13,229,484.
	10 Compensation not deducted elsewhere	442,202,753.	3,634,907.
	11 Rents, royalties, and license fees	114,952,947.	944,913.
	12 Interest		
	13 Depreciation not deducted elsewhere	123,698,653.	1,016,803.
	14 Depletion		
	15 Taxes (exclude provision for income, war profits, and excess profits taxes)	48,491,649.	398,601.
	16 Other deductions (attach schedule -- exclude provision for income, war profits, and excess profits taxes)	SEE STATEMENT 2.	
I N C O M E	17 Total deductions (add lines 10 through 16)	283,828,373.	2,333,069.
	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	596,251,885.	4,901,191.
	19 Extraordinary items and prior period adjustments (see instructions)		
	20 Provision for income, war profits, and excess profits taxes (see instructions)	69,080,094.	567,838.
	21 Current year net income or (loss) per books (line 18 plus line 19 minus line 20)	527,171,791.	4,333,353.